

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

S E C R E T STATE 092795

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FOL REPEAT AMMAN 2515 SENT ACTION SECSTATE MAY 01

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S E C R E T AMMAN 2515

EXDIS

E.O. 11652: GDS

TAGS: MASS, JO

SUBJECT: FMS CREDIT FOR JORDAN

REF: STATE 85030

1. EMBASSY ACCEPTS DEPARTMENT'S JUDGEMENT PER REFTEL THAT \$30 MILLION FY 75 FMS CREDIT ARRANGEMENTS SHOULD BE DIRECTLY WITH GOVERNMENT OF JORDAN RATHER THAN WITH THIRD PARTY AND SEES ADVANTAGES IN DOING SO.

2. WE UNDERSTAND ARGUMENT REGARDING DRAWBACKS VIS-A-VIS CONGRESS CONCERNING EXTENSION OF CREDITS TO OIL-
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RICH COUNTRIES AT THIS TIME. HOWEVER, OUR PER-

CEPTION WAS THAT WE WOULD BE OBTAINING ADDITIONAL SAUDI FINANCING FOR A PROGRAM WHOSE BENEFITS WOULD BE TO THE JORDANIANS AND THE US. WE DON'T SEE THE SAUDIS AS BENEFITING FROM THIS PORPOSAL SINCE IT IS NOT SUBSTITUTE FOR WHAT THEY ALREADY DOING, BUT AN ADD-ON (EXCEPT TO THE EXTENT THEY CAN DELAY THEIR PAYMENTS). ALTHOUGH INDIRECT FINANCING PROPOSAL WAS DESIGNED TO ESTABLISH A PATTERN FOR INCREASED LONG-TERM FINANCING BY RICH ARABS, WE ALSO APPRECIATE THAT THESE ARE NOVEL AND COMPLICATED ARRANGEMENTS. WITHOUT MAKING DIRECT FMS ARRANGEMENTS WITH THIRD PARTIES, WE WOULD HOPE NEVERTHELESS TO CONTINUE TO PURSUE OBJECTIVE OF "GAINING FINANCING FOR JORDAN'S MILITARY NEEDS FROM WEALTHY FRIENDS" (PARA 2 REFTTEL) BY INDIRECT MEANS MENTIONED BELOW. THIS SEEMS TO US BENEFICIAL BOTH TO US AND JORDAN AND INCREASES OIL-RICH STATES' CONTRIBUTION.

3. ACCORDINGLY, WHILE WE WILL DROP PROPOSED DIRECT ARRANGEMENT BETWEEN USG AND POTENTIAL BENEFACTORS REGARDING FMS CREDIT ARRANGEMENTS, WE WOULD HOPE DEPARTMENT WILLING CONSIDER FOLLOWING ACTIONS:

A) FIRST, AND MOST IMPORTANT, GIVE USG POLITICAL SUPPORT FOR JORDAN EFFORT TO FIND BENEFACTORS. JORDANIANS HAVE ALREADY TAKEN LEAD IN SEEKING SAUDI FUNDING. IN LATEST EFFORT, COS BIN SHAKER AND AIR FORCE CHIEF ABBODD CURRENTLY IN SAUDI ARABIA. WE WOULD HOPE US COULD MAKE SOME SORT OF SUPPORTING REPRESENTATIONS AT HIGH LEVEL TO SAG FOR FINANCING JORDANIANS FMS CREDITS. SUCH ARRANGEMENTS ARE NOT NEW TO SAUDIS, SINCE WE UNDERSTAND SAUDIS AND OTHER ALREADY REPAYING SYRIAN AND EGYPTIAN MILITARY DEBTS TO SOVIETS. SAUDI ARRANGEMENTS WITH USG AND JORDAN COULD BE USEFUL PRECEDENT FOR LONG-TERM, EVEN BEYOND MILITARY ASSISTANCE FIELD, E.G, IN ATTRACTING FINANCING BY OIL-RICH ARABL STATES FOR ECONOMIC DEVELOPMENT PROJECTS IN JORDAN IN SOME SORT OF COLLABROATIVE ARRANGEMENTS WITH US.

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B) SECONDLY, WE COULD HOPE TO OBTAIN FROM GOJ IN SOME FORM ACCEPTABLE TO DEPARTMENT (IDEALLY, BUT NOT NECESSARILY, IN WRITING) AN UNDERSTANDING AS TO SOURCE AND MODALITIES OF FINANCING FOR FMS CREDIT. IN VIEW OF USG INTEREST THAT REPAYMENT NOT ADD TO JORDANIAN BUDGET DEFICITS WITH CONSEQUENT ADDITIONAL IMPLICATION THAT US SUPPORTING ASSISTANCE FUNDS WERE BEING USED TO REPAY CREDIT.

4. IF DEPARTMENT AGREES TO FOREGOING, WOULD APPRE-
CIATE A) ITS AUTHORIZING DIRECT USG SUPPORT (PER-
HAPS DURING SECRETARIAL TRAVEL) FOR CURRENT JORDAN
EFFORT VIS-A-VIS SAUDI ARABIA, AND B) ITS APPROVING
EMBASSY AMMAN USE ABOVE GENERAL PRINCIPLES IN ITS
APPROACH TO GOJ.
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